



Doug Sutherland
Commissioner of Public Lands

April 25, 2006

The Honorable Aaron Reardon, County Executive
Snohomish County
3000 Rockefeller Ave MS: 407
Everett, WA 98201

Subject: Projection of Income from State Forest Lands

Dear Executive Reardon:

The Department of Natural Resources (DNR) manages about 64,741 acres of state forest lands (formerly known as forest board lands) that benefit Snohomish County. As the attached report shows, in the first two months of calendar year 2006, these lands generated \$1.6 million and are projected to generate \$8.5 million in calendar year 2006. This represents an increase of \$2.8 million from the 2006 projection in the January 2006 report.

Most of this income is from timber sales. Timber markets, supply concerns, contract requirements and regulatory requirements influence when timber purchasers choose to harvest. The revenue projections rely on purchasers' plans for harvest and may change in future reports if those plans change.

The next projection of state forest land revenues will be available in July 2006. In the meantime, if you have questions about this report, contact Bill Wallace, Northwest Region Manager. Bill can advise you of possible fluctuations in timber harvest and provide information on DNR management programs and activities in you county. Bill can be reached at 360.856.3500.

Sincerely,

Doug Sutherland
Commissioner of Public Lands

Enclosures

ac

Department of Natural Resources
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County Income Report April 2006

Income from management activities on state forest lands is designated for allocation to several taxing districts in each county, depending upon the location of the activity in that county. Only a very small amount is available for discretionary use by the county.

Revenue from state forest lands (formerly known as forest board lands) come primarily from harvested timber. Lease activities and rights-of-way applications provide additional sources of revenue. Another source of revenue to the counties is leasehold tax returns, which will vary with the amount of lease activity in any given year.

Table 1 shows the annual revenue for each county from calendar year 1996 through calendar year 2006. As is evident in Table 1, total revenue varies considerably from year to year. Many of the key variables responsible for high revenues in one year can also lead to reduced income the following year.

Revenue projections for each of the 19 counties with state forest lands were made for the calendar year 2006. **Table 2** includes the summary of all timber harvest projections listed in Table 2A, and is combined with an estimate of additional revenue from leases, rights-of-way applications, and other activity on state forestlands. **Table 2A** presents projected revenue for each timber sale on state forest lands.

Table 3 presents the volume and net value under contract as of March 31, 2006 that is not currently scheduled for harvest until after December 2006.

These projections were developed by Department of Natural Resources' region staff who contacted each timber sale purchaser with sale rights, to determine approximately how much and when they planned to harvest the timber in each sale.

Projections for each sales anticipated harvest should be considered a rough estimate only, as actual removal activity depends on individual sale characteristics (species, volume, location, etc.), combined with outside market factors as determined by each purchaser.

The schedule of future state forest land timber sales in your county is available upon request from Department of Natural Resources' region staff.

Table 1. Revenue to Counties from State Forest Transfer and Purchase Lands (Calendar Years)

Updated: 3/29/06

County	1997	1998	1999	2000	2001	2002	2,003	2004	2005	Jan - Feb* 2006
Clallam	\$10,271,598	\$12,686,274	\$8,067,336	\$5,758,321	\$6,963,919	\$3,600,540	\$4,777,301	\$4,426,097	\$5,495,006	\$558,591
Clark	5,021,940	6,007,736	5,201,304	2,366,311	3,573,835	2,313,003	3,820,106	4,092,569	4,411,237	677,637
Cowlitz	3,357,206	3,017,014	3,348,777	1,212,652	1,839,302	5,001,470	2,934,808	215,329	5,345,911	727,897
Grays Harbor	4,943,351	1,784,346	2,028,606	2,352,472	1,862,881	3,293,823	2,107,685	1,776,300	2,667,556	264,850
Jefferson	556,130	1,957,760	1,663,170	1,649,297	518,203	1,778,453	889,650	1,631,808	3,200,661	744,655
King	2,993,582	2,160,183	3,223,396	1,143,568	1,835,851	1,976,627	2,889,619	4,388,319	995,578	(180)
Kitsap	3,004,528	406,398	753,902	599,418	729,223	31,508	626,030	1,109,673	759,721	6,516
Klickitat	15,947	15,094	907,813	1,306,269	1,988,025	263,951	1,207,848	112,777	1,256,702	17,674
Lewis	12,302,198	14,631,380	12,730,883	10,052,997	3,945,857	1,534,075	5,493,493	4,356,765	2,606,113	765,625
Mason	2,081,988	2,357,532	1,837,711	2,799,623	1,321,104	2,382,746	2,379,357	5,336,229	4,774,081	74,858
Pacific	3,194,157	2,296,047	6,323,846	2,771,851	4,007,787	969,916	1,875,588	2,051,170	2,939,705	249,032
Pierce	1,871,447	607,701	1,943,460	529,510	1,469,706	2,237,462	3,571,913	5,620,352	1,778,066	2,244
Skagit	11,372,252	9,187,203	11,422,067	9,194,478	5,509,637	13,209,159	8,973,769	9,620,659	12,532,120	2,353,884
Skamania	788,119	2,385,689	3,933,138	755,801	768,791	55,235	68,576	533,038	308,142	26,958
Snohomish	16,030,098	3,427,872	13,750,038	14,528,018	8,543,151	6,452,352	10,398,846	13,664,903	12,756,744	2,368,704
Stevens	31,821	36,075	43,894	30,236	43,769	33,815	39,619	36,945	40,922	405
Thurston	11,252,520	8,127,942	7,573,165	6,156,550	8,080,735	3,770,580	4,523,536	6,270,700	7,777,205	1,170,572
Wahkiakum	5,461,307	1,164,313	2,503,796	1,481,581	2,244,642	2,414,098	2,011,817	1,015,082	2,730,555	187,301
Whatcom	8,671,921	5,078,947	6,824,410	4,059,821	5,759,368	5,525,028	6,993,439	7,467,518	6,075,055	1,697,510
Totals	\$103,222,110	\$77,335,506	\$94,080,712	\$68,748,774	\$61,005,786	\$56,843,841	\$65,583,000	\$73,726,233	\$78,451,080	\$11,894,733

Note: Revenue is received daily by the Department of Natural Resources for activities on State Forest lands and deposited daily at the Office of State Treasurer. Effective February 1998 these monies are remitted to each county via wire transfer a minimum of four times per month. Due to the specific date monies are received by the Department and the cutoff dates used by the State Treasurer for wire transfers, the revenue for the current period may be different than actual remittances to date.

**Due to system conversion of agency revenue system, only actuals for 2 months are available for this quarterly report.*

**Table 2. Total Projected Revenues to Counties from State Forest
Transfers and Purchase Lands ^{1/}**
(Dollars in Thousands)

County	April thru June 2006		July thru December 2006	
	High	Medium	High	Medium
Clallam	\$265.9	\$1,341.6	\$414.6	\$1,672.3
Clark	926.8	1,392.3	2,768.3	2,768.3
Cowlitz	913.2	913.2	712.0	712.0
Grays Harbor	105.3	105.3	159.0	159.0
Jefferson	4.4	6.7	14.6	20.4
King	9.4	23.1	30.5	256.5
Kitsap	12.1	12.1	7.6	7.6
Klickitat	856.2	856.2	615.8	2,407.5
Lewis	8,179.8	8,269.0	6,224.6	6,224.6
Mason	177.3	177.3	70.6	825.5
Pacific	598.0	611.5	668.1	705.4
Pierce	0.0	292.9	129.8	277.5
Skagit	2,244.4	2,244.4	4,907.0	5,080.1
Skamania	469.2	469.2	531.5	531.5
Snohomish	2,909.9	3,507.9	2,481.7	2,642.4
Stevens	4.2	4.2	23.3	23.3
Thurston	1,717.2	1,885.4	1,010.9	1,010.9
Wahkiakum	684.7	804.4	476.2	483.9
Whatcom	1,003.3	1,003.3	775.0	775.0
Totals	\$21,081.4	\$23,920.2	\$22,021.3	\$26,583.8

^{1/} **High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.**

Note: Projected revenues are based on timber purchaser's logging plans as of [March 2006](#). These plans change with changes in the economy and the business needs of each purchaser. Department of Natural Resources' region staff should be contacted concerning possible fluctuations in timber harvest for sales currently under contract and the schedule of future sales on State Forest Lands in your county.

Table 2A. Projected Timber Harvest Revenues to Snohomish County from State Forest Board Transfer and Purchase Lands by Legal Description
(Thousands of Dollars)

Sale App. Number	Sale Name	Expiration Date	Legal Description			April thru June 2006		July thru December 2006		Value Under Contract after Dec-06
			Section	Township	Range	High ¹	Medium ¹	High ¹	Medium ¹	
74794	Final Report	09/30/06	7,18 12	29N 29N	8E 7E	46.4	46.4	27.6	27.6	0.0
76067	Oso What	09/30/06	20,21	32N	7E	815.7	815.7	0.0	0.0	0.0
76829	Stimson Slopes	09/30/07	5, 6	32N	6E	723.1	723.1	0.0	0.0	0.0
76833	Hardwood Parts	09/30/07	31	28N	9E	143.4	143.4	0.0	0.0	0.0
74540	Back Nine	09/30/06	14	28N	7E	177.4	177.4	142.6	142.6	0.0
75744	Black Eye	09/30/06	21	30N	7E	0.0	598.0	0.0	160.7	0.0
76315	Trans Siberia	03/01/08	14, 23	31N	6E	0.0	0.0	156.0	156.0	1,248.1
76490	North Cherry	10/31/05	35	27N	7E	165.9	165.9	22.9	22.9	0.0
76846	Sisu	09/30/07	27, 34, 35	29N	8E	13.3	13.3	66.4	66.4	40.3
77243	Salish View	09/30/07	8, 9, 16, 17	32N	6E	626.9	626.9	0.0	0.0	0.0
77260	Vacillate	09/30/07	23,25,27,28,33,34	32N	6E	47.2	47.2	378.9	378.9	0.0
77502	Corner Bear	09/30/07	1, 12	31N	6E	0.0	0.0	942.9	942.9	0.0
77584	Teddy R	09/30/07	1,2 35, 36	32N 33N	5E 5E	98.6	98.6	493.0	493.0	298.4
77585	Potbelly	09/30/07	15,16,21,22	29N	8E	28.1	28.1	196.4	196.4	28.1
Total						\$2,885.8	\$3,483.8	\$2,426.8	\$2,587.6	\$1,614.8

^{1/} High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.
Values are cumulative from high to medium probability.

Note: Projected revenues are based on timber purchaser's logging plans as of [March 2006](#). These plans change with changes in the economy and business needs of each purchaser. Department of Natural Resources regional staff should be contacted concerning possible changes in timber harvest plans and for copies of sale area maps for specific locations of timber sales within the legal descriptions listed above.

Table 3. Volume and Net Value of Timber under Contract on State Forest Transfer and Purchase Lands for Harvest after Calendar Year 2006 ^{1/}

County	Volume (mbf)	Net Value
Clallam	319	\$47,394
Clark	5,658	2,348,066
Cowlitz	0	0
Grays Harbor	0	0
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	2,592	880,312
Mason	389	144,025
Pacific	6,664	588,646
Pierce	0	0
Skagit	3,803	1,009,001
Skamania	0	0
Snohomish	6,690	1,614,797
Thurston	2,678	996,022
Wahkiakum	0	0
Whatcom	0	0
Totals	28,793	\$7,628,264

^{1/} Normally, counties receive 78 percent of State Forest land Transfer revenues and 26.5 percent of State Forest land Purchase revenues.

Note: The sales represented here are currently under contract as of **March 2006**. This timber could be harvested at any time depending on market conditions and business needs as determined by each purchaser. Sales to be sold in the future could provide additional revenue to your county. Department of Natural Resources' region staff should be contacted concerning future sale activity and dates.